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SIPDIS

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SUBJECT: JAMAICA: ELECTRIC ABOUT RENEWABLE ENERGY

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SUMMARY

I1. (SBU) Minister of Mining, Energy and Telecommunications Clive Mullings is focusing the country's attention on support for renewable energy (refuels). A few ethanol /biofuel projects are currently being negotiated by the Government of Jamaica (GOJ), and the Office of Utilities Regulation released a Request for Proposals (RFP) for renewable energy specifically to reduce the country's dependence on imported petroleum. The RFP calls for increasing the percentage of energy supplied to the national grid from renewable energy sources from the current level of 5.5 percent to 10 percent by 2010 and 15 percent by 2015. This goal is in line with the Minister's recent pledge at the Washington International Renewable Energy Conference (WIREC).

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Renewable Energy is the "End Game"  
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I2. (SBU) Addressing a group of investors on March 19 at a local brokerage house, Mullings said Jamaica needs to focus on energy security and reducing the country's dependence on imported petroleum. Mullings stressed that the "end game" had to be renewable energy. Mullings outlined a number of renewable projects that the country was pursuing to solve the current energy crisis. Chief among these were the roll out of E-10 (ethanol) at local pumps by the end of the year; the conversion of waste to energy; the expansion of the 20 megawatts Wigton Windfarm; and the possible creation of a solar panel manufacturing plant funded by the Canadian government and a Chinese firm. Mullings said that by 2010 the country should reach its target of deriving 10 percent of its power from renewable energy, a pledge he recently made at the WIREC Conference. Mullings reiterated the importance of focusing on renewable energy and moving away from being a country of one-off test projects to a country that implements projects on a wide scale.

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Diversify, Regardless of Oil Prices  
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I3. (SBU) In response to how Jamaica would finance the projects, the Minister said it was crucial for technological innovation and

private sector investors to be the driving force for solutions. He said that with a number of developed countries approaching the maximum level of emissions under the Kyoto Protocol, a significant amount of capital was actively seeking renewable projects in developing countries to derive carbon credits. Mullings suggested that even if oil fell to USD 20 tomorrow, the focus would still be on renewable energy.

¶ 14. (SBU) Mullings said that although Jamaica has had some positive results in its ongoing oil exploration, any potential discoveries would not deter the plan to diversify Jamaica's energy supply. Mullings said the rise in oil prices has reduced the demand for electricity on the island. He suggested the rise in oil prices has been mitigated by the benefits derived from the PetroCaribe Agreement with Venezuela. As oil prices rise above USD 100, over 50 percent of the value of oil purchased from Venezuela is converted to a 20 year, one percent loan.

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Ethanol and Biofuel  
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¶ 15. (SBU) A Brazilian company, Infinity BioEnergy was selected April 2 by the GOJ to take over Jamaica's indebted sugar estate assets (reftel B). Infinity BioEnergy, a major producer of cane-based sugar and ethanol, would likely take over 70,000 acres under the deal. In another project, the U.S. firm Biomass Investment Group (BIG) hopes to assume public debt in exchange for inactive land that was once used for sugar cane production. BIG proposes to plant e-grass on the land for use as a feedstock for ethanol production. BIG is hoping to secure 30,000 acres from the GOJ, believing each parcel of 10,000 acres could grow enough feedstock to generate 75 megawatts of power in Jamaica.

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Renewable Energy RFP  
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¶ 16. (U) The Office of Utility Regulations released its RFP seeking proposals to supply renewable energy to the national grid on April 11. The scale of the projects must be at least one megawatt, and firms must be able to build, own and operate (BOO) their generation facility for the next 20 years. The GOJ is seeking at least 73 MW of capacity to be supplied to the grid on a continuous basis. Proposals can be submitted in any category of renewable energy generation including: hydro, wind, biomass, and solar.

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Culture of Conservation  
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¶ 17. Mullings also has addressed the issue of conservation in Jamaica, suggesting that the country needed to build a culture around conservation, with the country's tourism industry being a major player. Jamaican hotels recently implemented a new per- room tax to help defray the cost of rising fuel prices (reftel A).  
JOHNSON